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Testimony

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Senate Bill #38 AAC The Interest Rate on Delinquent Property Taxes.

The Connecticut Tax Collectors' Association is opposed to SB-38 which would give municipalities the option to charge interest on delinquent property taxes at an interest rate between 15% and 18%.

CTx mission, in part, is to promote uniformity in practice and application of statutory procedures. The proposed legislation would pit one town against another if they were allowed to reduce the interest rate from the current 18%. The uniformity of the 18% interest rate is designed to encourage property tax payments to be made on time. The current interest rate serves to compensate municipalities for the loss that occurs when revenue is not paid in a timely manner.

Municipal tax collections must be efficient, effective and equitable. By authorizing municipalities to reduce the current interest rate, this legislation would provide a benefit to the delinquent taxpayer at the expense of residents and businesses who do pay their property taxes on time.

Interest on delinquent property taxes is also a revenue concern. In a municipal budget, under the revenue category of Property Tax, there are three accounts. The first is the

CURRENT YEAR property tax collection. The second account is the PRIOR YEAR Collections. The last account is INTEREST & LIENS. The sum of these three accounts makes up PROPERTY TAX REVENUE. If a municipality was to reduce their interest rate, they would be in effect being reducing the amount of interest they are to collect in the fiscal year. This 17% reduction of interest revenue may be significant to many municipalities.

The Connecticut Tax Collectors' Association, Inc opposes SB-38.

House Bill # 5055 An Act Eliminating Mandates.

The Connecticut Tax Collectors' Association supports HB-5055 which in part (e) eliminates the annual payment to the Commissioner of Motor Vehicle to participate in the program administered by the Department of Motor Vehicles.

CTx has requested that in line 119 of the Governor's Bill #5055 that "the first day of each month" be changed to "the fifteenth day of each month."

Many tax collections send monthly and/or bi-monthly delinquent motor vehicle notices with a due date as the last day of the month for payment. Many individuals mail a check at the end of the month. Processing of the delinquent payments may take a few days depending upon the volume of work in the tax office. Under the proposed legislation tax collectors shall notify the DMV of any outstanding delinquent property tax not later than the first of each month. The problem is if tax collectors are required to notify DMV "not later than the first of each month," some individuals may be reported as delinquent while their check is in the tax office but has not yet been processed. This premature reporting of a tax delinquency will frustrate and anger many taxpayers both at the tax office and at the DMV because they choose to make their delinquent payments at the end of the month.

CTx proposes that the reporting date to the DMV be "not later than the fifteenth day of each month." This will allow tax offices to report up to date accurate delinquent accounts to the DMV. The reporting by fifteenth of the month will not over load the DMV as the 169 towns will not be all reporting on the first of the month.

The Connecticut Tax Collectors' Association, Inc supports HB-5055.

However, we propose a change to line 119 to read **"not later than the fifteenth day of each month."**